

STATE OF NEW YORK

Public Service Commission

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Renewable – “Green” – Energy Program for Niagara Mohawk Approved

Albany, NY – 5/23/02 – The New York State Public Service Commission has approved a Niagara Mohawk Power Corporation (Niagara Mohawk) program designed to encourage the sale of renewable or “green” energy service by making it easier for companies to market such energy service to consumers throughout Niagara Mohawk’s franchise area. Renewable energy sources include hydro, wind, and solar power generation, among others.

The program was developed by the Commission’s staff, Niagara Mohawk, Clean Energy Intervenors (which includes Community Energy, Environmental Defense, American Wind Energy Association, and the Natural Resources Defense Council), Green Mountain Energy Company, and NativeEnergy LLC.

“Niagara Mohawk’s program will afford consumers greater opportunities to choose renewable energy sources for their electricity supply and will help advance Governor George Pataki’s goal of developing green power in the state,” Commission Chairman Maureen O. Helmer said. “The Governor is strongly committed to encouraging renewable energy, as evidenced by the state’s green energy initiatives, including the unique statewide environmental labeling program that tracks and identifies for consumers the nature and quality of their energy sources.”

Niagara Mohawk’s Renewable Energy Program establishes streamlined procedures for allowing energy service companies (ESCOs) and “green energy marketers” to use Niagara Mohawk’s billing systems to make green energy service available to its customers. The procedures are designed to help facilitate customer enrollment in, preparation and mailing of

environmental disclosure data associated with, green energy sources, and billing and payment services. These new procedures will allow, Niagara Mohawk's customers to more easily choose a green power option for their energy.

How Niagara Mohawk's Renewable Energy Program Will Work

Under the new program, a green marketer will be able to line up sources of green energy and market that energy to Niagara Mohawk's customers. Once a customer chooses to obtain a green energy supply, the green marketer will notify Niagara Mohawk of the customer's decision. Niagara Mohawk then will confirm the customer's decision, purchase the energy on behalf of the customer and perform the billing. The customer's monthly bill will identify the amount of green energy purchased, the price of the purchase and any premium associated with it. The premium will be remitted by Niagara Mohawk to the green marketer.

Customers may be able to purchase all or a portion of their monthly energy requirements, depending on green marketer service offerings, from renewable sources through Niagara Mohawk's program. This new program will serve as a transition measure to encourage increased use of renewable energy sources through the utility until such time as ESCOs are prepared to offer green power alternatives on their own.

The Renewable Energy Program includes a consumer education element designed to inform Niagara Mohawk's customers about renewable energy and opportunities for obtaining such services. The company provides electricity to more than 1.5 million customers across 24,000 square miles of upstate New York in a territory that stretches from Erie County in the west to Rensselaer County in the east and north to the Canadian border.

Niagara Mohawk Program Latest in State's Green Power Efforts

Niagara Mohawk's program is the latest in a series of the state's efforts to promote green power in New York. In February of this year, electricity customers throughout the state began receiving information with their bills about the types of fuel, and their related air emissions, used to generate their electricity. New York is the first state in the nation to use a verifiable, third-party tracking system to produce such environmental labels.

Retail electricity providers throughout the state are required to include “environmental disclosure labeling” information in electricity bills at least twice during every twelve-month period. All investor-owned electric utilities and ESCOs providing retail electricity, as well as those municipal or cooperative electric utilities subject to Commission jurisdiction, are required to provide the environmental disclosure label. One of the goals of the Commission’s environmental labeling initiative is to encourage ESCOs to adjust their own generation portfolios in response to customer demand for cleaner sources of energy as the market for green power continues to develop.

In addition to receiving information with their bills, electricity customers throughout New York State can view the environmental disclosure labels on the Commission’s website at <http://www.dps.state.ny.us/EnvDisclosureLabel.html>. All of the utilities’ and ESCOs’ labels will be posted on the Commission’s website. In addition, an informational brochure about New York’s environmental labeling effort is posted on the website. Consumers can also call the PSC’s toll-free Consumer Information line at 1-888-Ask-PSC1 (1-888-275-7721) for more information. Individual utilities and ESCOs may elect to post labeling information on their websites as well.

In yet another previous decision, the Commission established a Systems Benefits Charge fund, which is administered by the New York State Energy Resource and Development Authority. Among a number of public benefit goals, the fund is helping to promote renewable energy efforts throughout the state. On the supply side, the fund has already resulted in the development of about 50 megawatts (MW) of renewable energy and is expected to help develop a total of 200 to 300 MW of renewables within the next five years.

A written decision regarding Niagara Mohawk’s Renewable Energy Program (Case 01-M-0075), when issued, can be obtained from the Commission’s website at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. It can also be obtained from the Commission’s Files Office, 14th floor, 3 Empire State Plaza, Albany, NY 12223 (518-474-2500).